ANNUAL REPORT 1987

Trimac

THE COMPANY

■ Trimac Limited is a Canadian owned public company providing energy, transportation and related industrial services. ■ Trimac's largest businesses are the highway transportation of bulk commodities in Canada and the United States and contract drilling for oil and gas in North America and Europe. Other principal businesses include truck leasing, waste management, engineering and construction, petroleum exploration and development, airborne and resource surveys, and oilfield equipment supply. The company employs 3,200 people. ■ Trimac is based in Calgary and its shares are traded on the Toronto and Montreal stock exchanges.

ANNUAL MEETING

■ Trimac's Annual Meeting will be held Wednesday, May 11, 1988, at 10:30 A.M. in the Glenview Room of the Calgary Convention Centre. Shareholders who are unable to attend are requested to complete, sign and return their proxies as soon as possible.

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THE YEAR IN BRIEF

(thousands of dollars)	December 31	1987	1986
OPERATING RESULTS			
Operating revenues		**$291,320**	$294,026
Net earnings from operations		**6,051**	1,862
Net earnings		**9,684**	3,516
Cash from operations		**30,862**	27,078
Net capital expenditures		**42,237**	22,486
FINANCIAL POSITION			
Working capital		**27,377**	15,853
Net capital invested		**355,419**	299,000
Total long term debt		**161,058**	170,031
Long term debt (excluding current maturities)		**156,631**	158,032
Convertible debenture		**30,000**	—
Shareholders' equity		**145,338**	111,878
COMMON SHARE DATA			
Net earnings from operations		**$0.16**	$0.04
Net earnings—basic		**0.27**	0.09
—diluted		**0.26**	0.09
Dividends (stock dividends)		**—**	0.093
Common shareholders' equity		**3.33**	3.05
SHAREHOLDER INFORMATION			
Number of shareholders: Common		**2,029**	2,163
Preferred (Series A)		**438**	478
Number of shares outstanding: Common		**34,351,173**	34,298,437
Preferred (Series A)		**202,200**	215,000

Trimac Transportation's bulk highway hauling in the United States improved significantly and was profitable throughout the year. Canadian trucking maintained its good earnings record. Page 4.

Trimac Limited issued $30 million of 7.25 per cent convertible subordinated debentures in the European market in June. The debentures are convertible into Trimac common shares at $5.75 per share up to June 1997. Page 17.

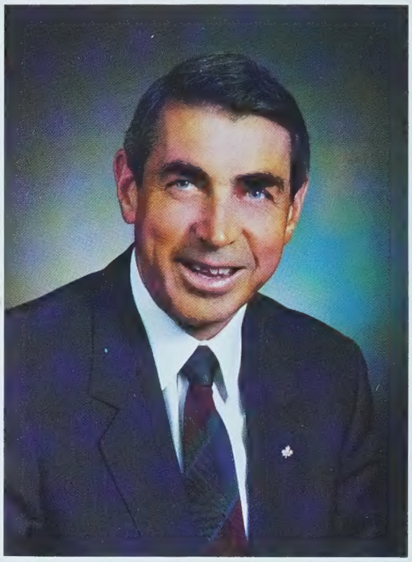
The company combined its oil and gas assets with those of Chauvco Resources Ltd. in exchange for a 29 per cent interest in Chauvco. Page 13.

Banister Continental Ltd., Trimac's affiliate in engineering and construction, expanded through the purchase of Canadian Foundation Company Ltd. in exchange for shares. Page 14.

While Kenting Drilling incurred a loss as a result of weak markets at the start of the year, it continued to generate positive cash flow. Business improved later in 1987. Page 9.

The sale of Trimac's 50 per cent interest in the waste management firm, Tricil Limited, awaits the outcome of legal proceedings. A trial date has been set for September 1988; appeals could follow. Page 15.

REPORT TO SHAREHOLDERS



J.R. McCaig

■ Trimac improved its results during 1987 as it made progress towards a satisfactory level of performance. Further improvement will be largely dependent upon recovery in energy services. ■ Net earnings, including non-recurring items, were $9.7 million or 27 cents a share compared with $3.5 million or nine cents in 1986. ■ All of Trimac's operating units improved their results during the year with the notable exception of contract drilling. Affiliated companies, in which Trimac owns 50 per cent or less, continued to make a significant contribution. ■ The greatest improvement was in the United States operations of the Trimac Transportation System, which have been profitable for the last 18 months. The trend is expected to continue. Canadian hauling maintained its sound performance. ■ Rentway Canada Ltd. extended its record of profitable growth in truck leasing and rentals. ■ The improvements in bulk hauling and truck leasing more than overcame the reversal in contract drilling where Kenting Drilling suffered a loss. ■ While Kenting Earth Sciences International Ltd. continued to incur a loss, this was due to a major project, a survey of Thailand. Other aspects of its airborne and resource survey business improved. ■ The sale of Trimac's 50 per cent interest in the waste management firm Tricil Limited has been delayed pending legal proceedings. A trial date has been set for September 1988; appeals could follow.

Financial ■ Earnings from operations, before unusual and extraordinary items, were $6.1 million or 16 cents a share compared with $1.9 million or four cents a share in 1986. ■ Revenue was down slightly at $291.3 million compared with $294.0 million a year earlier. ■ Cash flow from operations was $30.9 million, an increase from $27.1 million in 1986. ■ Net capital expenditures of $42.2 million, up from $22.5 million a year earlier, were to

support the expansion of truck leasing and bulk highway hauling in Canada. ■ Trimac issued $30 million of 7.25 per cent convertible subordinated debentures in the European market. They are convertible into common shares at $5.75 a share any time until maturity on June 16, 1997. A portion of the proceeds was applied to debt reduction and the remainder was added to the company's cash reserves which stood at $31.8 million at year end compared with $21.5 million at the end of 1986. ■ Total long term debt, including current maturities, declined to $161.1 million from $170.0 million.

A. Vanden Brink

Future Prospects ■ Many challenges remain. Trimac will maintain its focus on transportation and energy related businesses; our expansion in other industrial services has concentrated on truck leasing and rentals. ■ The corporation's North American highway hauling business continues to perform strongly and has considerable potential for expansion. It is well positioned on both sides of the border and is structured to deal with deregulation in Canada. Deregulation also provides new opportunities for the expanding business of truck leasing. ■ Trimac is committed to energy services, such as contract drilling, despite the current competitive market. Trimac will pursue low cost opportunities to expand its position while minimizing exposure during periods of low activity.

Employees ■ In all of its businesses, Trimac's approach is to provide a high level of service specifically designed to meet each customer's needs. Trimac achieves this only through the concerted effort of all employees in understanding their customers and doing their work with pride. ■ On behalf of all shareholders and directors of Trimac, we thank these individuals for their dedicated effort.

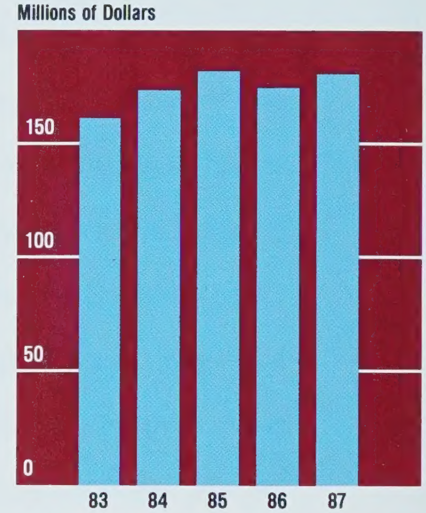
A. Vanden Brink, President

J.R. McCaig, Chairman

March 10, 1988

TRANSPORTATION

SUMMARY (000's)	1987	1986
Revenues	**$184,916**	$177,642
Depreciation and amortization	**10,871**	11,117
Operating income	**13,700**	10,729
Cash flow	**18,703**	13,638
Capital expenditures		
Gross	**15,128**	11,797
Net of disposals	**13,864**	8,302
Identifiable assets	**93,515**	88,501
Long term debt	**38,902**	49,239



TRANSPORTATION REVENUES

■ Trimac's major business is the highway hauling of bulk commodities in Canada, the United States and between the two countries. The Trimac Transportation System, which also provides related distribution and management services, is the third largest bulk highway carrier in North America. It operates 1,236 power units and 2,754 trailers from 75 terminals to haul a wide range of liquid, dry and gaseous bulk products throughout the continent.

Highway Hauling ■ Revenues for the Trimac Transportation System increased by four per cent during 1987 to $184.9 million. Operating income was up 28 per cent to $13.7 million, mostly because of improved results in the United States. ■ The Canadian business continued its strong performance with higher revenues mostly in eastern Canada and on north-south traffic across the U.S. border. Margins were maintained as this increased activity overcame market softness, particularly on the Prairies. ■ United States operations, which account for nearly one-third of revenues, have achieved profitability since mid 1986. Organizational and management changes that were made in 1986 and 1987 have had an impact on financial results and economic expansion improved demand in most markets. ■ Cement hauling in Texas, which

contributed less than five per cent of total transportation revenues, continued weak but losses were eliminated. Revenues increased in other United States operations, including a growing presence on the West Coast, which led to increased equipment utilization and better margins. ■ A major focus for Trimac Transportation was the maintenance of a consistent level of service through employee awareness and development of quality assurance programs. Comprehensive North American Operating Standards, which are designed to ensure all terminals meet or exceed company expectations, were formalized. This program, which evolved from Trimac Transportation's strategic planning process, is part of the company's commitment to provide customers in all locations with value-added transportation through proper equipment, qualified personnel and service that meets their specific requirements. ■ Development of a computer-based, dispatch-assist system continued with its introduction at several major branches. When fully tested and operational, the system will be extended to all locations. ■ The capability for electronic data interchange was also established. This developing technology allows Trimac to communicate electronically with customers and suppliers rather than on paper. Information moves more quickly, more accurately and at lower cost. ■ A major expansion into wood-chip hauling was achieved through a contract with Weyerhaeuser Canada Ltd. covering several mills in the interior of British Columbia. Operations began in December 1987. ■ Trimac is investing $4.1 million in equipment for this contract, mostly in 1988. Net capital expenditures for 1987 were $13.9 million, almost totally in Canada. ■ While Trimac Transportation actively pursues growth, it does so in

Branch Manager Chuck Sweppy (right) of Liquid Transporters and Gary Vermeulen, safety and compliance officer of Rohm and Haas Company, participated in a safety audit at the Louisville terminal. Rohm and Haas, a major chemical producer and customer of Liquid, has initiated a safety audit program so it could more fully assess the operations of carriers transporting its products. The audit has become the primary evaluation used in selecting new carriers. It involves examination of equipment, facilities and records to ensure safe practices are followed. Liquid Transporters, Trimac's major operating unit in the United States, has increased the amount of hauling that it does for Rohm and Haas.

a controlled manner when local management and operations have the capacity for expansion and when risks are acceptable. The emphasis is on expansion that complements existing operations by extending service into new geographic areas or by adding the transport of new commodities in regions that are already served. ■ Federal legislation reducing regulatory barriers for the Canadian transportation industry came into effect January 1, 1988. While this means more competition for Trimac in some markets, it also allows access to new areas. ■ Trimac is prepared for the changes with decentralized management and pricing policies which enable it to be flexible and responsive. ■ Trimac has been active, through trucking associations, in the development of a national safety code which is compatible with United States regulations. Key components governing maximum hours of service for drivers and fitness requirements came into force in January 1988 with the remaining standards scheduled over the next two years. Trimac believes safety standards are essential to protect the travelling public and to ensure that in a deregulated environment some operators do not sacrifice safety in the pursuit of economic advantage.

Regional accounts manager Tim Dalton (left) of Trimac Transportation and Wayne Jarvis, raw materials manager of Weyerhaeuser Canada Ltd., developed an agreement for the hauling of wood chips in the interior of British Columbia. On the unloading hoist in the background is a new power unit and a light-weight, high-volume chip trailer that were built specifically for the four-year contract. The power units are being equipped with two-way radios, wind deflectors, custom power trains and other features for maximum efficiency. Trimac will annually haul more than 20,000 loads of wood chips from eight mills to the Weyerhaeuser pulp plant in Kamloops and to Surrey.

HAULING CAPABILITIES

	Canada	U.S.	Total
Power Units	764	472	1,236
Trailers	1,902	852	2,754
Terminals	46	29	75

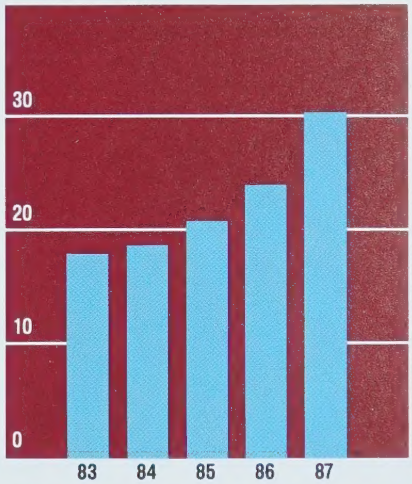
LEASING AND RENTALS

SUMMARY (000's)	1987	1986
Revenues	**$30,706**	$24,258
Depreciation and amortization	**9,389**	7,929
Operating income	**6,189**	5,066
Cash flow	**10,226**	8,765
Capital expenditures		
Gross	**31,688**	20,976
Net of disposals	**24,016**	12,391
Identifiable assets	**55,242**	38,357
Long term debt	**38,186**	26,713

■ Trimac provides truck fleet management services, consisting of truck leasing, rentals and programmed maintenance, through Rentway Canada Ltd./Ltée. ■ Rentway serves only business and government accounts with a fleet of 2,100 vehicles and 12 company-operated locations from Montreal to Vancouver.

Truck Leasing ■ Rentway's revenues, fueled largely by the strong economic activity in Ontario and Quebec, grew by 26 per cent during 1987 to more than $30 million. Business increased in other regions at a more modest pace. Operating income increased to $6.2 million. ■ Rentway expanded in Ontario through the establishment of a branch at St. Catharines and the acquisition of the assets and business operation of Rea Vehicle Rentals in Guelph. ■ At all locations, Rentway concentrated on the development of full-service lease contracts, especially through the development of new accounts. Lease contracts, under which customers are provided with trucks for terms of more than one year, account for 70 per cent of revenues. These leases are tailored to customers' requirements and can include a range of support services such as full preventive maintenance, repairs, tires, driver safety training, insurance and fuel. ■ Rentway's vehicle management service program, which includes

Millions of Dollars



LEASING AND RENTAL REVENUES

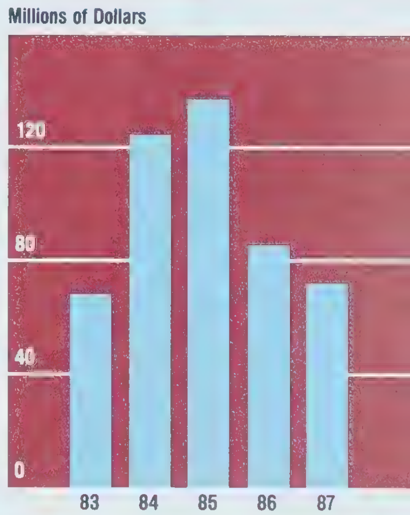
preventive maintenance and repair services for the owners of private fleets, also grew and now accounts for 15 per cent of revenues. This program not only encourages the conversion of private fleets into full-service customers, but increases utilization of maintenance facilities. ■ The balance of Rentway's revenues comes from vehicle rentals which meet the seasonal, project and short-term requirements of customers. This business also expanded during 1987. ■ Rentway nearly doubled its capital expenditures in 1987 to $24 million as it expanded operations to meet the increasing demand, especially for leased vehicles. ■ The nature of the leasing industry is such that its capital base is normally composed of a high proportion of debt, compared with equity. ■ Rentway follows a similar approach to its financing and is more highly levered than Trimac's other operations. It has credit lines with several different lenders that are secured by specific equipment and contracts. Term debt is of a revolving nature matched to lease contracts of one to three years. ■ Rentway is Canada's third largest truck leasing and rental company. It distinguishes itself from competitors by providing a high level of service and operational support focusing only on business and government customers. ■ Rentway believes the full-service concept can be further expanded with selected customers. Transportation deregulation should accelerate Rentway's prospects in developing its services in this market segment.

George Layn (right), service co-ordinator for the Rentway branch in Burnaby, B.C., deals regularly with Pat Mellesmoen, driver supervisor at Konings Wholesale. Rentway has served Konings' transportation leasing needs for five years and currently has 18 units with the restaurant and institutional food supplier. Among them are two special units that contain separate freezing, cooling and dry compartments for delivery to restaurants. Under full-service leasing, they receive regular preventive maintenance.

ENERGY SERVICES

SUMMARY (000's)	**1987**	1986
Revenues	**$ 73,115**	$ 86,629
Depreciation and amortization	**7,769**	8,775
Operating income	**(1,538)**	1,561
Cash flow	**798**	3,477
Capital expenditures		
Gross	**3,971**	1,744
Net of disposals	**2,776**	(1,558)
Identifiable assets	**120,912**	116,935
Long term debt	**25,906**	34,040

■ Trimac provides contract drilling services to the oil and gas industry in Canada, the United States and the United Kingdom through Kenting Drilling. The company operates 22 drilling rigs in Canada, 10 in the United States and nine in the United Kingdom. Trimac also builds and maintains oilfield production facilities in western Canada through Kenting Projects Ltd., while Kenting Earth Sciences International Ltd. conducts airborne and resource surveys around the world.



ENERGY SERVICES REVENUES

Contract Drilling ■ Revenues for Kenting Drilling were off 15 per cent to $53.6 million, due largely to the poor drilling market in Canada at the start of 1987 and weaker demand in the United Kingdom. Activity recovered slowly during the year, but profitable operation was possible only in the final quarter. ■ Cash flow, which is reported after taxes and interest, was $1.7 million compared with $8.7 million a year earlier. ■ While the 1987-88 winter drilling season in Canada has been considerably better than that of a year earlier, weakness in oil prices toward the end of 1987 prevented a full recovery. ■ A major factor in drilling demand is the level of confidence among drilling customers that future oil prices will justify current exploration and development investments. The price fluctuations of the last few years

have led to uncertainty and a generally cautious approach. The price changes also affect petroleum companies' cash flows, which are a major source of exploration funding. Other sources, such as new investment raised through share issues, virtually disappeared with the stock market decline of October 19. ■ The Alberta royalty holiday on production from new fields was reduced to three years from five October 31, 1987, and produced a peak in drilling activity before the deadline. Another peak is expected when the royalty holiday is further reduced to one year at the end of October 1988.

Crew member Dwayne Byer (centre) of Kenting Drilling and Pete Pedersen (left) of Leduc Safety Service Ltd. review procedures at one of four rigs that is specially equipped to drill natural gas wells that are high in sulphur. Further training for crews, additional breathing apparatus and corrosion resistant equipment are required. More of these wells are being drilled, partly because of strong demand for the sulphur which is recovered as a byproduct of natural gas processing.

■ An encouraging development is the rising level of natural gas exports to the United States. As volumes increase, development drilling is required to bring additional reserves into production. ■ The drilling industry in all three markets that Kenting serves—western Canada, the northern United States and the United Kingdom—continues to suffer from overcapacity. There has been considerable attrition in the United States as equipment was worn out and not replaced but the drilling fleet has not declined significantly in

KENTING RIG CAPACITIES

Maximum Depths	Canada	U.S.	Europe
2 300 m (7,500 ft.)	3	0	2
3 050 m (10,000 ft.)	7	1	3
3 800 m (12,500 ft.)	7	3	2
4 550 m (15,000 ft.)	2	6	2
6 100 m (20,000 ft.)	3	—	—
	22	10	9

Canada. ■ Kenting has pursued a policy of maintaining its rigs at a high standard and has taken advantage of low equipment prices to do so. It made capital investments of $3.2 million in 1987. ■ In the current competitive market, Kenting has focused on the quality of its operations. The commitment to reliable service by rig crews and management has also produced a safety record that is one of the best in the industry. Kenting will continue to emphasize this aspect of its operations in 1988. It has agreed to participate with a major customer in a year-long safety study on one rig where all aspects of the work environment will be examined to determine how improvements can be made.

Al Fedun (right), piping foreman of Kenting Projects, works closely with Nick Johanson, piping and welding inspector for BP Canada Inc., during modifications to link Phases I and II of the Wolf Lake heavy oil project in northeastern Alberta. Adherence to specifications and safe work practices are an important aspect of Kenting's approach to each contract. The inspector is constantly on site during construction as part of the quality control process which ensures proper installation and safe practices.

Oilfield Construction ■ The need for construction and maintenance of oilfield production facilities in western Canada differed little in 1987 from that of the previous year. The revenues of Kenting Projects Ltd. decreased slightly but losses were reduced to near the break even point. ■ Most projects during the year related to the production and processing of heavy oil and natural gas, both of which were exported in larger quantities to the United States. ■ The recovery of natural gas sales, after years of poor markets, holds the prospect of additional construction activity in 1988. ■ However, the major factor in the level of construction activity continues to be the price of oil. While projects which are clearly economic proceed, those which involve a higher degree of risk or a larger total exposure, such as oil sands plants and heavy oil upgraders, continue to be delayed. ■ While Kenting Projects has trimmed its costs over the last few years, it has been careful to maintain operational effectiveness with a consistent core of supervisors

and many tradesmen who stay with the company from contract to contract. Workmanship and safety have been emphasized. A totally revised safety program is successful and is well received among customers.

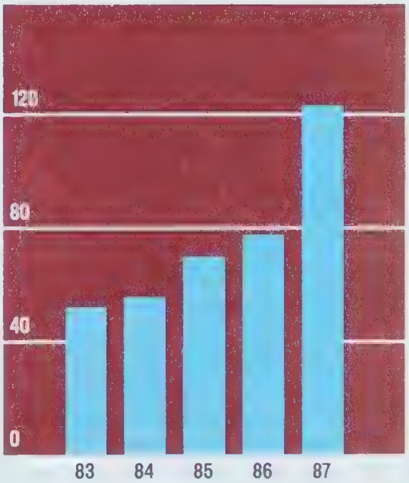
Alison Beament of Kenting Earth Sciences is at an editing station used in the digital mapping process. Editing is a quality control step that ensures data are properly stored in the computer. For example, where two lines connect, it is important to confirm their computer co-ordinates match so the lines actually "clip" together in the stored files. Similarly, maps that are part of a series must also match along their edges. Visual checks of the printed maps are also made.

Airborne and Resource Surveys ■ Revenues for the ongoing geophysical survey and geographical information services of Kenting Earth Sciences improved during 1987. Losses were reduced by more than 60 per cent through rationalization measures taken in 1986; the basic business is profitable except for problems associated with a geophysical survey of Thailand. ■ The Thailand contract is scheduled for completion by the end of 1989 with data compilation and map production taking place in Canada. ■ The demand for airborne geophysical surveys in Canada reversed the trend of the last several years and showed modest improvement in the second half of 1987. This is due to increased prices for most mineral resources and a subsequent interest in searching for new deposits. ■ An active market in Ontario provided an increased demand for Kenting's geographical information services which include aerial photography and map production. ■ The shift to computer-based digital mapping from traditional analog techniques accelerated. Kenting achieved significant productivity gains with its digital mapping process and plans to continue the development of proprietary software. The aim is to become a cost-efficient, digital-mapping producer.

AFFILIATES

SUMMARY (000's)	1987	1986
(Trimac share of affiliates, excluding Cactus)		
Revenues	$121,936	$78,050
Depreciation, depletion and amortization	7,308	4,864
Operating income	14,487	11,553
Cash flow	16,640	13,049
Capital expenditures		
Gross	19,326	12,829
Net of disposals	18,391	11,635
Identifiable assets	110,450	66,238
Long term debt	28,936	21,644

Millions of Dollars



AFFILIATES REVENUES

■ Trimac has an ownership interest, ranging from 17 to 50 per cent, and board representation in six companies that provide services complementary to Trimac's main activities in transportation and energy services. ■ These include oil and gas exploration and development, engineering and construction, waste management, and oilfield equipment supply. ■ The results of affiliate operations are not consolidated in Trimac's financial statements, except for earnings. Earnings from affiliates were $6.2 million in 1987 compared with $4.9 million in 1986.

Oil and Gas ■ Trimac amalgamated its oil and gas assets with those of Chauvco Resources Ltd. effective July 1, 1987, and now owns 29 per cent of Chauvco. Trimac's petroleum reserves were previously managed through Tripet Resources Ltd. The relative value of reserves and lands of the two companies was the basis for determining the ownership of the merged company. ■ The staffs of the two companies were combined to provide a strong base of technical expertise for exploration and development activities. The enlarged financial capability of Chauvco allows it to take a larger share in exploration projects and to have greater control over the development and

management of reserves. The company is debt free. ■ Trimac's share of revenues from oil and gas operation, including six months of the merged company, was $3.9 million compared with $2.8 million in 1986. Trimac's share of 1987 earnings was $1.1 million. ■ Trimac's share of daily production averaged 477 barrels of oil and 1.0 million cubic feet of natural gas. In 1986, Trimac's share was 350 barrels of oil and 0.75 million cubic feet of gas. ■ Tripet and Chauvco maintained active exploration and development programs during 1987. Exploration results were disappointing but development activities resulted in a net increase to reserves after production. ■ Chauvco plans an aggressive exploration program for 1988 in Alberta and Saskatchewan.

The merger of Tripet and Chauvco brought together senior explorationist Daryll Myhr (right) of Tripet and senior geologist Ken Tompson of Chauvco. They examine drill cuttings and cores to help assess reservoir potential and to determine the production methods that will achieve maximum petroleum recovery. This was one technique used in developing the waterflood projects at the adjacent fields of Spirit River and Rycroft in northwestern Alberta.

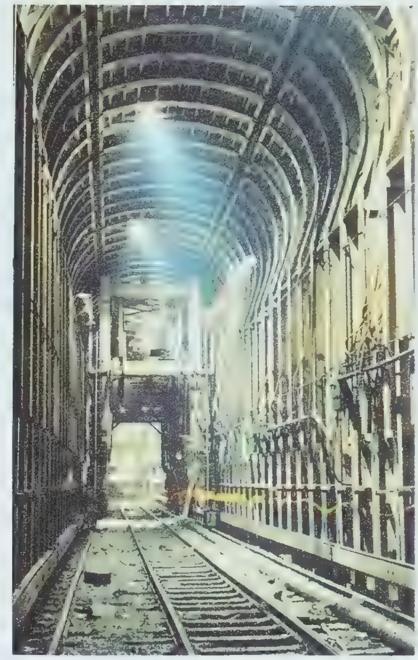
NET PROVEN RESERVES (Trimac share)	1987	1986
Crude Oil and NGLs (barrels)	**2,142,134**	1,582,062
Natural Gas (MMcf)	**15,502**	15,551

LAND		
Gross (acres)	**530,462**	348,869
Net (acres)	**49,019**	40,348

Engineering and Construction ■ Banister Continental Ltd. expanded the size and scope of its operations during 1987 with the purchase of Canadian Foundation Co. Ltd. from Skanska AB, a major international construction firm based in Sweden, in exchange for common shares. As a result, Trimac now owns 17 per cent of the enlarged company, which is about the same as

the proportions held by Skanska and by company founder R.K. Banister. ■ The acquisition extends Banister's services to the construction of buildings such as shopping centres, offices and industrial structures. The civil construction operations of the two companies have been amalgamated. Foundation's international experience and the association with Skanska assist Banister in the development of business outside of Canada. ■ Trimac's share of Banister's revenues rose significantly during 1987, mostly because of the acquisition, to $36.8 million. Trimac's share of earnings was $0.2 million. ■ Utility installation, building construction and electrical and mechanical operations were very active, mostly in the expanding Ontario economy. Other Banister services such as pipeline, marine and heavy civil construction continued to suffer from a lack of major resource development projects. ■ Trimac also owns 20 per cent of Bantrel Group Engineers Ltd. which provides engineering, procurement and construction services to the Canadian petroleum industry. Revenue for Bantrel was virtually unchanged from the previous year and a loss was incurred. ■ Organizational changes in the second half of the year reduced costs and increased efficiency. Bidding was directed to selected projects as the business remained extremely competitive. ■ Bantrel was awarded two significant contracts by Syncrude Canada Ltd. and by the Suncor Oil Sands Group for engineering work on their oil sands plants near Fort McMurray, Alberta.

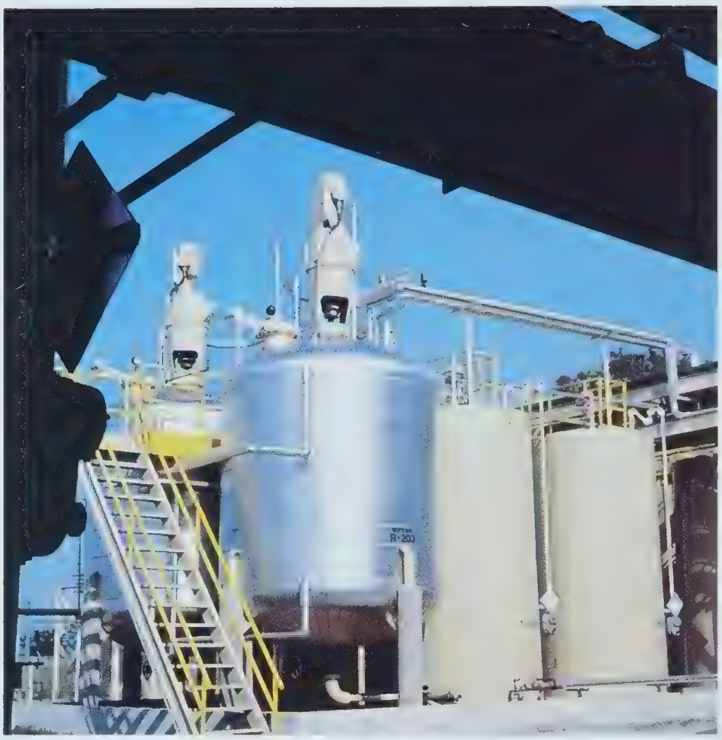
Waste Management ■ Trimac initiated steps more than a year ago to sell its 50 per cent interest in Tricil Limited. Completion of the sale has been delayed by legal proceedings involving C-I-L Inc., the holder of the other 50 per cent of Tricil. ■ A trial to resolve the outstanding issues has been scheduled for September in the Court of Queen's Bench of Alberta. For details, see Note 11(a) on page 30. ■ Tricil, which was formed in 1973 by Trimac and C-I-L, provides waste management services across Canada and in the United States.



A travelling form is used to pour a continuous concrete liner on a portion of the longest railway tunnel in North America. The Foundation Company of Canada is sponsor of a joint venture that is building more than half of a 14.6-kilometre tunnel through Mount Macdonald in the SELKIRKS ~~Canadian Rockies~~. The project, started for CP Rail prior to the purchase of Foundation by Banister Continental, is scheduled for completion this year. Banister, through its Pitts Engineering division, completed in 1987 another contract on the project that included a bridge, grade preparation and viaduct. The civil construction operations of Pitts and Foundation have since been integrated.

It continues to grow strongly with revenues up by 60 per cent in 1987. Earnings were nearly 40 per cent higher and contributed to Trimac's profit improvement.

Oilfield Equipment ■ Trimac entered the business of oilfield equipment supply through an investment in Alberta Petroleum Equipment Co. Ltd. (Alpeco). ■ Trimac committed $1.5 million for 50 per cent of the common shares while Vencap Equities Alberta Ltd. made a commitment of $4.25 million for common and preferred shares. ■ Alpeco buys and sells surplus oilfield equipment, both new and used, principally for the drilling industry, and provides rental and maintenance services. Operations began towards the end of the year with emphasis on developing an inventory of good quality equipment.



Tricil extended its environmental management services during 1987 with the commissioning of the only solvent recovery plant in Florida. The plant combines recycling and waste disposal by reprocessing a wide range of used industrial solvents into recycled solvent and by blending waste organic material into an environmentally approved fuel for industrial boilers. Other services that Tricil has expanded include on-site waste reduction, restoration of contaminated sites and removal of asbestos from buildings and industrial structures.

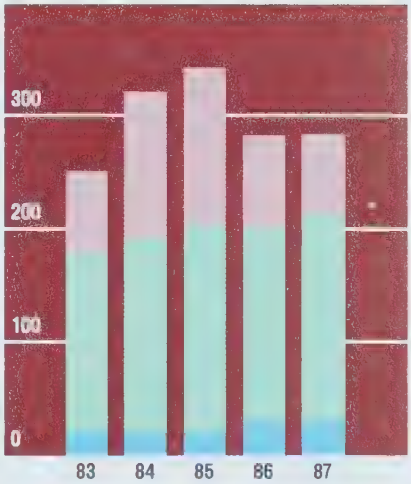
Contract Drilling—Cactus ■ *The financial results of Cactus Drilling are not included in the consolidated financial statement of Trimac Limited. They are summarized in Note 8 on page 28.* ■ Cactus Drilling, which provides contract drilling services in West Texas and eastern New Mexico, has tailored its operations to the difficult market circumstances found across the United States drilling industry. ■ Cactus is very cost-effective and has demonstrated to customers its ability to provide safe and consistent service. Drilling activity for the company increased by 60 per cent during 1987, despite little market improvement. Cactus improved its results but continued to incur cash losses. Cactus has 18 rigs in service and 12 others are stacked. ■ Despite its efficient operations, the poor market conditions do not permit profitable operation. The outlook for Cactus and the United States drilling industry continues uncertain.

FINANCIAL REVIEW

Operations ■ Trimac's total revenues of $291.3 million were down marginally from a year earlier. Bulk highway hauling and truck leasing increased sales in Canada, but revenues were off in contract drilling. ■ The increase in earnings from operations to $6.1 million or 16 cents a share from $1.9 million or four cents a share resulted from improved performance in all operations and a stronger contribution from affiliated companies. The one exception was contract drilling, which incurred a loss but continued to generate positive cash flow. The largest improvement was in the profitability of United States trucking. Earnings were also up from oil and gas investment and truck leasing. Airborne and resource surveys continued unprofitable as a direct result of its Thailand contract; however, significant improvements were achieved in the rest of the company's operations. Oilfield construction approached break-even. ■ Net earnings for 1987 included non-recurring gains of $3.6 million mainly related to the restructuring of two United States pension programs, the proceeds of which were sheltered from tax by previously unrecorded tax loss carryforwards. ■ Cash provided by operations increased to $30.9 million from $27.1 million. ■ Interest on long term debt, including the convertible debenture issued during the year, decreased to $17.4 million from $19.2 million.

Financial Resources and Liquidity ■ Trimac issued $30 million of convertible subordinated debentures during 1987. A portion of the proceeds was used to reduce long term debt, some funded business expansion and the remainder was added to corporate reserves. ■ Cash and term deposits were up $10.3 million to $31.8 million at year end, including available cash reserves of $22.7 million. Working capital was $27.4 million compared with $15.9 million. ■ Total long term debt was $161.1 million, down from

Millions of Dollars

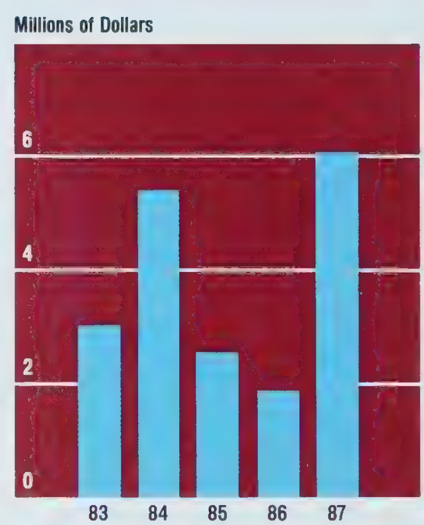


OPERATING REVENUES
Energy
Transportation
Equipment Leasing

CAPITAL EXPENDITURES

(thousands of dollars)	Drilling	Highway Transportation	Oil and Gas	Leasing	All other Divisions	Total
Funds provided for fixed asset replacement:						
Depreciation, depletion and amortization	$6,988	$10,871	$ 408	$ 9,389	$2,263	$ 29,919
Asset disposal proceeds	660	1,264	14	7,672	1,371	10,981
Total internal replacement funds	7,648	12,135	422	17,061	3,634	40,900
Capital expenditures	3,841	15,128	1,429	31,688	1,132	53,218
Net surplus (deficiency)	$3,807	$ (2,993)	$(1,007)	$(14,627)	$2,502	$(12,318)

$170.0 million. Truck leasing carries about one-quarter of this debt; because of the financial nature of leasing, Rentway has been traditionally financed with a higher ratio of debt to equity than other Trimac operations. ■ Capital expenditures increased to $42.2 million in 1987 from $22.5 million the previous year as truck leasing and bulk hauling expanded to take advantage of favourable market conditions. ■ The merger of Trimac's oil and gas interests with those of Chauvco Resources converted $14.0 million from fixed assets into an investment in affiliates. See Note 9, page 28. Effective July 1, 1987, the operating results from oil and gas were no longer consolidated in Trimac's financial statements but were reported as earnings of affiliates.

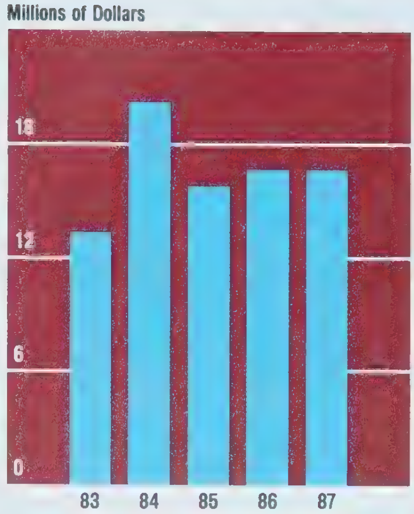


NET EARNINGS FROM OPERATIONS

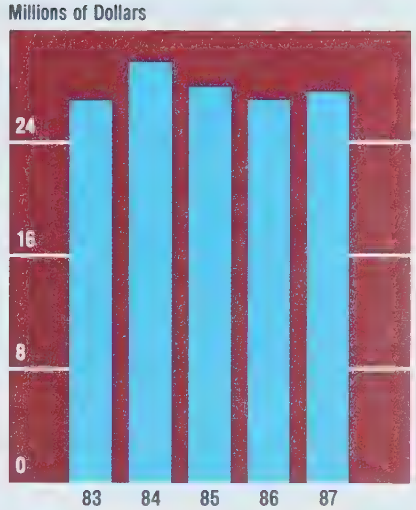
TOTAL LONG TERM DEBT

(thousands of dollars)	1987	1986
Energy Services	$ 25,906	$ 34,040
Highway Hauling	38,902	49,239
Truck Leasing	38,186	26,713
Trimac House	40,000	40,000
Other	18,064	20,039
Total	$161,058	$170,031

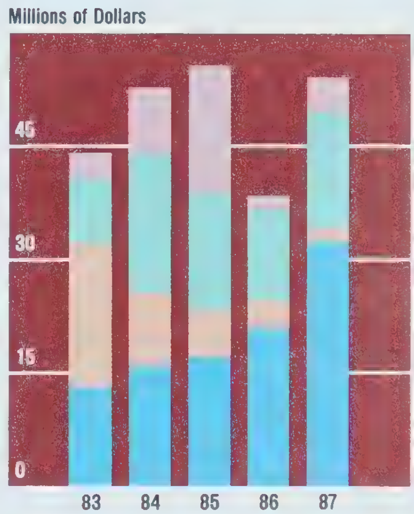
■ When completed, the sale by Trimac of its 50 per cent interest in Tricil will have a major beneficial impact on Trimac's financial position. The timing of the sale is uncertain because of legal proceedings. ■ Trimac has unrecognized tax loss carryforwards in the United States which total US$45.6 million. Full utilization of these tax losses will be contingent upon final assessment and upon future U.S. earnings. ■ Trimac has loaned US$6.9 million to Cactus Drilling against a maximum commitment of US$7.5 million under a 1985 refinancing agreement with Cactus' primary lender. The present market environment does not enable Cactus to service its loans. Recovery of Trimac's loan will depend upon future improvements in the U.S. contract drilling market. ■ Trimac issued six million retractable, redeemable voting preferred shares to Laidlaw Transportation Limited for $24 million as part of an agreement concerning the possible sale of Tricil. The proceeds of the issue have been fully invested in securities and, following completion of the sale of Tricil, the shares may be redeemed or retracted. ■ New guidelines from the Canadian Institute of Chartered Accountants require disclosure of pension surpluses and involve a change in method of accounting for pension costs and funding, which had no significant impact. See Note 6 on page 28.



OPERATING INCOME



CASH FROM OPERATIONS
(Before Unusual Items)



GROSS CAPITAL EXPENDITURES
Energy
Transportation
Other
Equipment Leasing

FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF EARNINGS AND RETAINED EARNINGS

TRIMAC LIMITED AND SUBSIDIARY COMPANIES

(thousands of dollars) Years ended December 31	1987	1986
OPERATING REVENUES	$291,320	$294,026
COSTS AND EXPENSES:		
Operating	246,366	250,201
Depreciation, depletion and amortization	29,919	29,202
	276,285	279,403
	15,035	14,623
OTHER DEDUCTIONS (INCOME):		
Interest—long term debt	17,366	19,167
Other interest (net)	(1,403)	(1,235)
Gain on sale of assets (net)	(1,754)	(2,142)
	14,209	15,790
	826	(1,167)
INCOME TAXES (RECOVERABLE) (Note 3):		
Current	1,483	(962)
Deferred	(471)	2,803
	1,012	1,841
	(186)	(3,008)
Share of earnings of affiliates	6,237	4,870
NET EARNINGS FROM OPERATIONS	6,051	1,862
Unusual item—refund of U.S. pension plan surplus (net of tax)	1,900	—
Extraordinary item—realization of previously unrecorded tax loss benefits	1,733	1,654
NET EARNINGS	9,684	3,516
Retained earnings, beginning of the year	24,019	24,056
Dividends:		
Common shares (stock dividend of 0.03 of a common share per share)	—	(3,097)
Preferred shares (Note 5(b))	(471)	(504)
Gain on redemption of 9.12% First Preferred Shares, Series A	—	48
RETAINED EARNINGS, END OF THE YEAR	$ 33,232	$ 24,019
NET EARNINGS PER SHARE FROM OPERATIONS	$0.16	$0.04
NET EARNINGS PER SHARE—BASIC	0.27	0.09
—FULLY DILUTED	0.26	0.09

CONSOLIDATED BALANCE SHEET

TRIMAC LIMITED AND SUBSIDIARY COMPANIES

(thousands of dollars) December 31	1987	1986
ASSETS		
CURRENT ASSETS:		
Cash and term deposits	$ 31,793	$ 21,506
Accounts receivable	40,853	37,879
Income taxes recoverable	426	1,413
Materials and supplies	4,535	3,957
Prepaid expenses	8,865	9,181
	86,472	73,936
INVESTMENTS AND ADVANCES:		
Investments in and advances to affiliates (Notes 8, 9 and 11)	48,630	32,073
Preferred share investments (Note 5(b))	24,000	–
Notes receivable and other	5,376	2,654
	78,006	34,727
FIXED ASSETS (Note 4)	246,927	245,386
GOODWILL AND AUTHORITIES	3,109	3,034
	$414,514	$357,083
LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Bank advances, secured	$ 13,185	$ 8,498
Accounts payable and accrued	41,483	37,586
Current maturities of long term debt	4,427	11,999
	59,095	58,083
LONG TERM DEBT (Note 2)	156,631	158,032
DEFERRED INCOME TAXES	23,450	29,090
CONVERTIBLE DEBENTURE (Note 7)	30,000	–
SHAREHOLDERS' EQUITY:		
Share capital (Note 5) — Preferred	30,875	7,195
— Common	80,510	80,388
	111,385	87,583
Cumulative translation adjustment	721	276
Retained earnings	33,232	24,019
	145,338	111,878
CONTINGENCIES (Notes 8 and 11)		
	$414,514	$357,083

Approved by the Board:

A. Vanden Brink, Director

J. R. McCaig, Director

CONSOLIDATED STATEMENT OF CHANGES IN FINANCIAL POSITION

TRIMAC LIMITED AND SUBSIDIARY COMPANIES

(thousands of dollars) Years ended December 31	1987	1986
CASH PROVIDED (USED)		
OPERATIONS:		
Net earnings from operations	$ 6,051	$ 1,862
Depreciation	29,919	29,202
Gain on sale of assets	(1,754)	(2,142)
Deferred income taxes	(471)	2,803
Share of earnings of affiliates	(6,237)	(4,870)
Other non-cash items	185	223
	27,693	27,078
Unusual item	3,169	–
Cash provided by operations	30,862	27,078
INVESTMENTS:		
Purchase of fixed assets	(53,218)	(37,951)
Proceeds on sale of fixed assets	10,981	15,465
Net capital expenditures	(42,237)	(22,486)
Investment in affiliates	(1,484)	(4,287)
Investment in preferred shares	(24,000)	–
Net change in non-cash working capital balances	1,648	13,417
Other	(3,246)	(1,269)
Cash used in investments	(69,319)	(14,625)
FINANCING:		
Increase in long term debt	16,898	14,826
Repayments of long term debt	(26,050)	(17,953)
Issue of convertible debenture	30,000	–
Issue of preferred shares	24,000	–
Net change in working capital loans	4,687	(3,792)
Preferred share dividends and redemptions	(791)	(881)
Cash employed in financing	48,744	(7,800)
Net increase in cash during the year	10,287	4,653
Cash position, beginning of the year	21,506	16,853
CASH POSITION, END OF THE YEAR	$31,793	$21,506

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

TRIMAC LIMITED AND SUBSIDIARY COMPANIES—DECEMBER 31, 1987

NOTE 1. Summary of Significant Accounting Policies

Principles of consolidation

These consolidated financial statements include the accounts of Trimac Limited ("the Corporation") and its subsidiaries (collectively "Trimac"). All of the Corporation's subsidiaries are virtually wholly owned; minority interests are immaterial.

Investments in affiliates (generally ownership of 17.3% to 50%) are accounted for by the equity method with the exception of Cactus Corporation of Texas which is reflected only to the extent of advances made pursuant to the refinancing plan (See Note 8). Under the equity method, the cost of the investment, including goodwill at acquisition, is adjusted for Trimac's share of undistributed earnings or losses and capital transactions.

Goodwill and authorities

Goodwill and authorities are being amortized on a straight line basis over periods of up to 40 years, except for $2,223,000 which was acquired prior to March 31, 1974.

Income from contracts

Income from contracts is recorded by the percentage-of-completion method of accounting. Any anticipated losses are provided for in their entirety.

Fixed assets

Depreciation is provided at rates which will amortize costs to estimated residual values, over the assets' estimated useful lives, mainly as follows:

Asset	Depreciation Method	Estimated Useful Life (Years)
Land drilling rigs	Straight line (residual—15% to 25%)	15
Highway tractors	Varying percentages of original cost	5 - 7
Highway trailers	Straight line	7 - 8
Rental vehicles	Varying percentages of original cost	3
Lease vehicles	Varying percentages of original cost	2 - 5
Buildings and other	Various	4 - 50

Interest and other costs are capitalized with respect to properties under development and rigs under construction. Initial leasing costs and tenant allowances associated with Trimac's head office building are capitalized. Costs capitalized in 1987 were $195,000 (1986—$1,038,000).

NOTE 2. Long Term Debt

Details of long term financing arrangements, including aggregate annual repayments required over the next five years, are as follows:

December 31	1987		1986	
(thousands of dollars)	Long Term	Current	Long Term	Current
Equipment obligations:				
Bank term loans				
Kenting (a)	$ 24,565	$ 609	$ 27,287	$ 5,940
Other (b)	2,085	1,196	3,439	1,250
Revolving credit agreements (c)	60,421	563	44,767	158
	87,071	2,368	75,493	7,348
Other long term debt:				
Bank term loans (d)	15,977	1,317	26,389	4,076
Building loan (e)	40,000	—	40,000	—
Revolving bank loan (f)	10,102	—	11,703	—
Other	3,481	742	4,447	575
	69,560	2,059	82,539	4,651
Total long term debt (g)	$156,631	$4,427	$158,032	$11,999

(a) The loans are secured mainly by certain drilling rigs, helicopters and related accounts receivable. Interest rates are mainly 1/2% to 3/4% over Canadian prime, 5/8% to 1% over LIBOR, or 1% to 1 1/2% over U.K base.

(b) The loans are secured by certain highway transportation equipment and rental vehicles. Interest rates are floating and fixed. Floating rates are 75% of U.S. prime, while fixed rates are 11.0%.

(c) The revolving credit agreements of various subsidiaries provide for credit lines equal to the lesser of a total of $103,150,000 at December 31, 1987, or an amount determined by formula in each agreement (which amounts totalled $70,949,000 at December 31, 1987). Fixed and floating interest rates vary from 1/2% to 1% over prime. The loans are secured by charges against certain vehicular equipment under a floating charge debenture, chattel mortgages and assignment of lease proceeds. Although the revolving facilities may be terminated by defined notice they are expected to continue. If termination does occur, each of the agreements provides for the loans to be repaid in monthly installments on a term basis ranging from one to eight years.

(d) Bank term loans are repayable over periods of up to 13 years. The interest rates vary from 3/8% to 1% over prime or LIBOR. Common shares of a subsidiary have been pledged as security for one of these loans.

(e) The building loan is secured by the Calgary head office building. Interest rates vary from 3/8% to 7/8% over prime during the term period. Alternatively, Trimac may issue bankers acceptances with a stamping fee of 7/8% to 1 3/8% over the term. Principal repayments are scheduled to commence in 1990 and end in 1997.

(f) The revolving credit loan agreement provides for a line of credit of $15,000,000 and is secured by a floating charge debenture, and certain real estate properties. The interest rate is 1/2% over prime.

(g) Repayments—Aggregate amounts of long term debt repayable in the years ending December 31 are: 1988—$4,427,000; 1989—$6,183,000; 1990—$7,980,000; 1991—$9,203,000; 1992—$10,702,000; thereafter—$122,563,000.

If the revolving credit agreements were terminated, estimated repayments in the years ending December 31,

Note 2 (continued)

would be: 1988—$15,171,000; 1989—$22,236,000; 1990—$21,051,000; 1991—$19,715,000; 1992—$17,625,000; thereafter—$65,260,000.

(h) Certain of Trimac's long term debt is payable in foreign currencies. The Canadian dollar equivalent of this debt, (long term and current portion) is as follows: payable in U.S. dollars—$16,833,000; payable in U.K. pounds sterling—$11,515,000; total—$28,348,000.

NOTE 3. Income Taxes

The provision varies from what would otherwise be expected, for the reasons set out below:

Years ended December 31	1987		1986	
(thousands of dollars)	Amount	Per cent of Earnings Before Tax	Amount	Per cent of Earnings Before Tax
Computed "expected" tax	$ 418	50.6%	$ (569)	(48.8)%
Tax expense relating to prior years	153	18.5	—	—
Losses for which no tax benefit has been recognized	—	—	2,025	173.5
Jurisdictional rate variances	240	29.1	149	12.8
Other	201	24.3	236	20.2
Actual tax provision	$1,012	122.5%	$1,841	157.7 %

Loss carryforwards for which no benefits have been recorded are as follows: approximately US$2,631,000 ($3,879,000) in U.S. Net Operating Losses which commence expiring in year 2001; and US$43,000,000 with respect to the original investment in the Cactus group of companies.

NOTE 4. Fixed Assets

The cost of fixed assets and net book value by major classification are as follows:

December 31	1987		1986	
(thousands of dollars)	Cost	Net Book Value	Cost	Net Book Value
Equipment				
Drilling rigs and related equipment	$131,157	$ 78,974	$125,306	$ 80,147
Bulk hauling highway units	107,110	39,918	101,112	37,864
Lease and rental vehicles	66,206	49,467	47,514	34,131
Other	28,297	12,737	28,211	14,299
	332,770	181,096	302,143	166,441
Land, buildings and yard improvements	73,962	65,586	72,588	65,726
Interests in oil and gas properties	608	245	19,309	13,219
	$407,340	$246,927	$394,040	$245,386

NOTE 5. Share Capital

	Issued	
	Number	Amount
PREFERRED SHARES		
First Preferred Shares of a stated value of $25 each		
(authorized 320,000 shares)—		
9.12% Cumulative Redeemable First Preferred Shares, Series A		
Issued as at December 31, 1986	215,000	$ 5,375,000
Purchased for cancellation (a)	(12,800)	(320,000)
Issued as at December 31, 1987	202,200	5,055,000
Class A Preferred Shares without nominal or par value		
(authorized 50,000,000 shares) issuable in series	—	—
Class B Preferred Shares without nominal or par value		
(authorized 50,000,000 shares) issuable in series—		
Floating Rate Cumulative Redeemable Retractable Class B		
Preferred shares, Series 1 (b)		
Issued as at December 31, 1986	—	—
Issued during the year	6,000,000	24,000,000
Issued as at December 31, 1987	6,000,000	24,000,000
Second Preferred Shares of a stated value of $10 each		
(authorized 113,500 shares)—		
Redeemable, Retractable, Convertible		
Second Preferred Shares, "B" Series (c)		
Issued as at December 31, 1986 and 1987	26,000	1,820,000
		$30,875,000
COMMON SHARES		
Common shares without nominal or par value		
(authorized 100,000,000 shares)—		
Issued as at December 31, 1986	34,298,437	$80,388,000
Stock options exercised	52,736	122,000
Issued as at December 31, 1987	34,351,173	$80,510,000

(a) Purchase obligation—The Corporation is required to purchase 3,200 First Preferred Shares, Series A each calendar quarter in the open market, if the market price does not exceed $25 plus accrued and unpaid cumulative dividends and costs of purchase. The quarterly purchase obligation carries forward for up to three

Note 5 (continued)

succeeding quarters, to the extent not satisfied, and is then extinguished. During 1987 the Corporation purchased 12,800 shares pursuant to its purchase obligation.

The Corporation is entitled to redeem the outstanding First Preferred Shares, Series A at the stated value of $25 each.

(b) The outstanding Class B Preferred Shares, Series 1 were issued to Laidlaw Transportation Limited ("Laidlaw"). They are voting and may be redeemed by the Corporation at any time at $4.00 per share and may be retracted by Laidlaw at $4.00 per share six months following the Tricil sale (Note 11(a)) or June 30, 1990, whichever is later. Income related to the Corporation's preferred share investments is to equal the dividend requirements on the Class B Preferred Shares and, accordingly neither the income, nor the dividends are reflected in these financial statements.

(c) The 26,000 shares were issued to officers and employees of the Corporation and its subsidiaries. The subscription price for the shares was funded by interest-free loans from the Corporation, or its subsidiaries, payable on the earlier of demand and seven years from the date of the loan. These shares are convertible into common shares at the rate of 10.7 common shares for each preferred share. They are redeemable, at the Corporation's option, at any time and commencing in 1991 are retractable, at the employee's option, at amounts equal to their subscription price. These shares have no fixed dividend rate.

COMMON SHARES RESERVED

At December 31, 1987, the following common shares were reserved:

	Number of shares
For conversion of $30,000,000 Debenture (Note 7)	5,217,391
For conversion of 26,000 Second Preferred Shares "B" Series	278,619
For options granted to officers and employees of the Corporation and its subsidiaries under the terms of the Corporation's Employee Stock Option Plan (a)	700,409
	6,196,419

(a) Options to purchase common shares were outstanding as follows:

Date granted	Expiry date	Price per share	Number of shares
March 07, 1985	March 07, 1990	$4.426	17,860
May 07, 1986	May 07, 1991	2.379	575,049
March 03, 1987	March 03, 1992	3.250	87,500
August 11, 1987	August 11, 1992	5.750	20,000
			700,409

NOTE 6. Pension Plans

Effective January 1, 1987, the Corporation adopted, on a prospective basis, the accounting recommendations for pension costs and obligations issued by the Canadian Institute of Chartered Accountants. This change had no material effect on Trimac's consolidated financial statements.

As at December 31, 1987, the actuarial present value of accrued pension benefits attributed to services rendered was $9,246,000. The value of pension plan assets was $11,898,000.

NOTE 7. Convertible Debenture

During 1987 the Corporation issued $30,000,000 of Convertible Subordinated Debentures. They carry an interest rate of 7 1/4% and mature June 16, 1997. The debentures are convertible at the option of the holder into common shares of the Corporation at any time after December 31, 1987, at a conversion price of $5.75 per common share.

NOTE 8. Cactus Drilling Companies

Trimac continues to hold a 50% interest in Cactus. Cactus results are not included in the consolidated results of Trimac. As part of a 1985 debt restructuring arrangement, between Cactus and its lenders, Trimac agreed to advance US$7,500,000 to Cactus and, at December 31, 1987, US$6,900,000 ($8,968,000), (included in investments in and advances to affiliates) had been advanced.

Uncertainty exists as to the ultimate collectability of these advances, and payment of principal and interest will depend upon Cactus generating sufficient future cash flow. The Cactus cash losses, before interest on long term debt, were US$987,000 in 1987 and US$1,779,000 in 1986. The current financial arrangements between Cactus and its lenders are to be renegotiated prior to May 1988.

NOTE 9. Acquisition of Chauvco Resources Ltd. Shares

By an agreement dated November 23, 1987, Trimac agreed to exchange, effective July 1, 1987, substantially all of its Canadian oil and gas assets for 3,862,937 common shares (29.17%) in Chauvco Resources Ltd., a publicly traded company listed on the Toronto Stock Exchange. The net investment will now be recorded as an investment in affiliates.

At July 1, 1987, Trimac's carrying value was $9,574,000 comprised of the following:

Working capital	$ 513,000
Interests in oil and gas properties	13,954,000
Deferred taxes	(4,893,000)
Net investment	$ 9,574,000

NOTE 10. Segmented Information

Trimac's operations can be divided into three business segments: **Transportation services** includes highway transportation; **Equipment leasing** includes truck leasing and rentals; **Energy services** includes oil and gas drilling, oilfield construction and airborne and resource surveys.

By Industry Segment

(thousands of dollars)	Operating Revenues	Operating Income (a)	Depreciation, Depletion and Amortization	Capital Expenditures	Identifiable Assets
1987					
Transportation services	$184,916	$13,700	$10,871	$15,128	$ 93,515
Equipment leasing	30,706	6,189	9,389	31,688	55,242
Energy services	73,115	(1,538)	7,769	3,971	120,912
	288,737	18,351	28,029	50,787	269,669
Corporate and other	5,647	(1,562)	1,890	2,431	144,845
Interest	—	(15,963)	—	—	—
Inter segment eliminations	(3,064)	—	—	—	—
	$291,320	$ 826	$29,919	$53,218	$414,514
1986					
Transportation services	$177,642	$10,729	$11,117	$11,797	$ 88,501
Equipment leasing	24,258	5,066	7,929	20,976	38,357
Energy services	86,629	1,561	8,775	1,744	116,935
	288,529	17,356	27,821	34,517	243,793
Corporate and other	6,300	(591)	1,381	3,434	113,290
Interest	—	(17,932)	—	—	—
Inter segment eliminations	(803)	—	—	—	—
	$294,026	$ (1,167)	$29,202	$37,951	$357,083

By Geographic Area

	Year ended December 31, 1987			Year ended December 31, 1986		
(thousands of dollars)	Operating Revenues	Operating Income(a)	Identifiable Assets	Operating Revenues	Operating Income(a)	Identifiable Assets
Canada	$205,445	$16,368	$338,814	$203,427	$17,385	$279,411
United States	71,276	1,228	34,158	68,038	(3,761)	37,030
Other	15,098	(807)	41,542	23,364	3,141	40,642
	291,819	16,789	414,514	294,829	16,765	357,083
Interest	—	(15,963)	—	—	(17,932)	—
Inter-area eliminations	(499)	—	—	(803)	—	—
	$291,320	$ 826	$414,514	$294,026	$ (1,167)	$357,083

(a) Operating income is income before taxes, share of earnings of affiliates, and unusual and extraordinary items.

NOTE 11. Contingencies

(a) A dispute exists between the Corporation and C-I-L Inc. in respect of the purchase of the other's 50% interest in Tricil Limited and legal actions were commenced in Alberta and Ontario. The Alberta action is ongoing and includes a summary judgment in favour of the Corporation declaring that the Corporation may acquire C-I-L's interest in Tricil for $91,000,000. This judgment is subject to counterclaims by C-I-L to the effect that it is entitled to acquire the Corporation's shares in Tricil (carried in the Corporation's accounts at an amount of $19,722,000), at varying prices between $61,250,000 and $91,000,000, together with a claim for $100,000,000 in damages. The Alberta action has been the subject of a number of preliminary applications and appeals and has proceeded to examinations for discovery.

In addition, there are a number of related or subsidiary disputes which have arisen between Trimac and Donald K. Jackson, a minority shareholder in a subsidiary and a former officer and director of Trimac, which may result in litigation in which substantial claims may be made against Trimac.

Trimac's view is that neither the claim of C.I.L. nor any claim which may be made in any litigation commenced by Donald K. Jackson will result in any material liability to Trimac.

The Corporation has entered into agreements with Laidlaw Transportation Limited to sell 100% of Tricil to Laidlaw if Trimac acquires the 50% of Tricil currently held by C-I-L.

(b) Trimac previously provided for non-collection of accounts receivable from its 49% owned Nigerian affiliate. Subsequently $3,124,000 have been repatriated to Canada. Trimac is contingently liable for the affiliate's bank loans in the amount of Naira 1,720,000 ($543,000 at December 31, 1987, exchange rates). The $3,124,000 has not been taken into income pending resolution of the contingent amount for which Trimac is liable. The amount repatriated has been deducted from investments in and advances to affiliates.

AUDITORS' REPORT

To the Shareholders of
TRIMAC LIMITED:

We have examined the consolidated balance sheet of Trimac Limited as at December 31, 1987 and the consolidated statements of earnings and retained earnings and changes in financial position for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these consolidated financial statements present fairly the financial position of the Company as at December 31, 1987 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Calgary, Alberta
February 19, 1988

PRICE WATERHOUSE
Chartered Accountants

FIVE YEAR FINANCIAL REVIEW

	Years ended December 31				
(thousands of dollars, except per share figures)	1987	1986	1985	1984(a)	1983(a)
OPERATIONS					
Operating revenues	$291,320	$294,026	$351,531	$330,297	$260,760
Depreciation, depletion and amortization	29,919	29,202	28,301	26,131	26,446
Interest—long term debt	17,366	19,167	14,507	14,455	12,567
Earnings (loss) before income taxes	826	(1,167)	3,175	9,592	5,824
Net earnings from operations	6,051	1,862	2,485	5,399	3,132
Per common share—basic	0.16	0.04	0.06	0.14	0.08
Net earnings (loss)	9,684	3,516	2,485	(55,962)	(4,993)
Per common share—basic	0.27	0.09	0.06	(1.70)	(0.17)
—fully diluted	0.26	0.09	0.06	(1.70)	(0.17)
Funds from operations (before unusual items)	27,693	27,078	28,065	29,932	27,101
Net capital expenditures	42,237	22,486	42,953	36,824	27,326
FINANCIAL POSITION					
Working capital	27,377	15,853	18,933	28,634	42,792
Fixed assets, net book value	246,927	245,386	248,769	227,125	225,907
Long term debt	156,631	158,032	159,429	145,104	152,654
Convertible debenture	30,000	—	—	—	—
Shareholders' equity	145,338	111,878	109,644	106,013	164,158
QUARTERLY RESULTS (unaudited)					
Revenues					
First quarter	64,912	84,383	83,535	72,353	59,867
Second quarter	66,660	69,608	86,894	80,092	59,809
Third quarter	81,028	72,852	91,461	80,099	74,103
Fourth quarter	78,720	67,183	89,641	97,753	66,981
	291,320	294,026	351,531	330,297	260,760
Net earnings (loss) from operations					
First quarter	(669)	(761)	(370)	(14)	196
Second quarter	923	(284)	(227)	409	1,215
Third quarter	2,703	2,317	1,623	3,241	2,553
Fourth quarter	3,094	590	1,459	1,763	(832)
	6,051	1,862	2,485	5,399	3,132
Net earnings (loss) per common share from operations					
First quarter	(0.02)	(0.03)	(0.02)	—	—
Second quarter	0.02	(0.01)	(0.01)	0.01	0.03
Third quarter	0.08	0.07	0.05	0.08	0.08
Fourth quarter	0.08	0.01	0.04	0.05	(0.03)
	0.16	0.04	0.06	0.14	0.08

(a) Excluding Cactus operations which have been treated as an investment until written off in 1984.

CORPORATE

Directors

Directors	Director since
J.R. McCaig, Calgary	1970
M.W. McCaig, Calgary	1971
M. Dubinsky, Q.C., Calgary	1971
A. Vanden Brink, Calgary	1976
D.D.C. McGeachy, London	1977
D.A. McIntosh, Q.C., Toronto	1977
R.T. Eyton, Calgary	1984
H.A. Hampson, Toronto	1987

Officers

J.R. McCaig, Chairman and Chief Executive Officer
A. Vanden Brink, President and Chief Operating Officer
J.J. McCaig, Executive Vice President
C.A. Fletcher, Senior Vice President Finance
F.T. Bailey, Vice President Corporate Affairs and Secretary

Auditors

Price Waterhouse
Calgary, Alberta

Transfer Agents

The Royal Trust Company
—Common Shares
Central Trust Company
—9.12% First Preferred Shares, Series A

Stock Exchange Listings

The Toronto and Montreal Exchanges

Duplicate Reports

If, as a shareholder, you are receiving more than one copy of Trimac's Annual and Quarterly Reports, it could be that individual purchases of securities are registered in slightly different names or at different addresses. If this is the case, please contact the Secretary, Trimac Limited.

Additional Information

Contact Trimac's Public Relations Department, 2100 Trimac House, P.O. Box 3500, Calgary, Alberta, T2P 2P9, or telephone, (403) 298-5100 for additional copies of this report or for general information about Trimac companies.

OPERATING

Transportation Services

BULK HIGHWAY TRANSPORTATION
Trimac Transportation Services
A.B. Zaleski, President
1010 800 Fifth Avenue SW
P.O. Box 3500 (Mail)
Calgary, Alberta T2P 2P9
Telephone: (403) 298-5100
Telecopy: (403) 298-5257
Telex: 038-24656
Branches in Christina Lake, Dawson Creek, Kamloops, Langley, Nanaimo, Prince George, Richmond, Surrey, Topley, BC; Whitehorse, YT; Calgary, Edmonton, Grande Prairie, Lethbridge, Lloydminster, Medicine Hat, Redcliff, Slave Lake, AB; Moose Jaw, Regina, Saskatoon, SK; Brandon, St. Boniface, Winnipeg, MB; Downsview, London, Mississauga, Niagara Falls, Parry Sound, Oakville, Picton, Sarnia, Sudbury, Thunder Bay, Toronto, Windsor, ON; and Montreal, PQ.

(U.S. Regional Office)
Liquid Transporters, Inc.
M.J. Bragagnolo, President
P.O. Box 36247 (Mail)
Louisville, Kentucky 40233
Telephone: (502) 964-3351
Telecopy: (502) 964-8539
Branches in Los Angeles, CA; Chicago, IL, Ashland, Brandenburg, Calvert City, Louisville, Owensboro, KY; Baton Rouge, LA; Midland, MI, Charlotte, Wilmington, NC; Avenel, NJ; Pittsburgh, PA; Chattanooga, Knoxville, Nashville, TN; Pasadena, TX; and Tacoma, WA.

(U.S. Regional Office)
Quality Tank Lines, Inc.
W.D. Weaver, Vice President and General Manager
13550 Toepperwein Road
P.O. Box 17405 (Mail)
San Antonio, Texas 78217
Telephone: (512) 654-1666
Branches in Buda, Galena Park, Houston, Hunter, Midlothian, Mount Pleasant, San Antonio, TX.

TRANSPORTATION CONSULTING
Trimac Consulting Services
L.L. Ash, General Manager
730 800 Fifth Avenue SW
P.O. Box 3500 (Mail)
Calgary, Alberta T2P 2P9
Telephone: (403) 298-5155
Telecopy: (403) 298-5272
Telex: 038-25633

Truck Leasing and Rentals

Rentway Canada Ltd./Ltée.
J.R. Grainger, President
308 191 The West Mall
Etobicoke, Ontario M9C 5K8
Telephone: (416) 626-7922
Telecopy: (416) 626-5177
Branches in Calgary, Edmonton, AB; Burnaby, Fort St. John, Richmond, BC; Belleville, Etobicoke, Guelph, Hamilton, London, Mississauga, Oshawa, St. Catharines, ON; and Montreal, PQ.

Energy Services

CONTRACT DRILLING
Kenting Drilling Co. Ltd.
W.W. Ebel, President
1910 800 Fifth Avenue SW
P.O. Box 3500 (Mail)
Calgary, Alberta T2P 2P9
Telephone: (403) 298-5250
Telecopy: (403) 298-5212
Telex: 038-22897
Branch in Nisku, AB.

Kenting Drilling Co. Ltd.
G.G. Meier, General Manager
1860 1099 18 Street
Denver, Colorado 80202
Telephone: (303) 298-1383
Telecopy: (303) 297-1181
Branch in Williston, ND.

Kenting Drilling Services Ltd.
R.W. Pidskalny, Managing Director
Trent Lane, Castle Donington
Derby, DE7 2NP England
United Kingdom
Telephone: (0332) 850060
Telex: 51377905+

OILFIELD CONSTRUCTION
Kenting Projects Limited
Kenting Technical Enterprises
R.L. McKenzie, Vice President and General Manager
P.O. Box 490 (Mail)
Leduc, Alberta T9E 2Y3
Telephone: (403) 955-6700
Telecopy: (403) 955-6719
Telex: 037-42505
Operations in Bonnyville and Edmonton, AB. Sales office in Calgary, AB.

AIRBORNE AND RESOURCE SURVEYS
Kenting Earth Sciences International Ltd.
J.E. Sauve, President
380 Hunt Club Road
Ottawa, Ontario K1G 3N3
Telephone: (613) 521-1630
Telecopy: (613) 521-5913
Telex: 053-4173
Branch in St. John's, NF.

AFFILIATES

OIL AND GAS
Chauvco Resources Limited
F.G. Vetsch, Chairman
G.J. Turcotte, President
29 Floor, Bow Valley Square III
255 Fifth Avenue SW
Calgary, Alberta T2P 3G6
Telephone: (403) 237-8646
Telecopy: (403) 269-9497

WASTE MANAGEMENT
Tricil Limited
M.G. Bradley, President
8th Floor, 89 Queensway West
Mississauga, Ontario L5B 2V2
Telephone: (416) 270-8280
Telecopy: (416) 270-7091 ext 264
Telex: 06-960113
Branches in Edmonton, Fort McMurray, AB; Vancouver, BC; Hamilton, Kingston, Kitchener, Mississauga, Ottawa, Sarnia, St. Catharines, Thorold, ON; Charlottetown, PEI; Gatineau, Hull, Mercier, Ville Ste. Catherine, PQ; Moose Jaw, Regina, SK; Washington, DC; Bartow, FL; Westlake, LA; Muskegon, MI; Binghamton, Syracuse, Watertown, NY; Dayton, Hilliard, OH; Nashville, TN; Houston, Port Arthur, TX.

ENGINEERING AND CONSTRUCTION
Banister Continental Ltd.
R. MacTavish, President
9910 39 Avenue
P.O. Box 2408 (Mail)
Edmonton, Alberta T6E 5H8
Telephone: (403) 462-9430
Telecopy: (403) 463-7966
Telex: 037-2380
Branches in Calgary, AB; Vancouver, BC; Halifax, NS; Cambridge, Toronto, ON; Montreal, PQ; Seattle, WA.

Bantrel Group Engineers Ltd.
P.J. Lovell, President
900 703 Sixth Avenue SW
Calgary, Alberta T2P 4C9
Telephone: (403) 290-5000
Telecopy: (403) 290-5050
Telex: 038-22653

OILFIELD EQUIPMENT
Alberta Petroleum Equipment Co. Ltd.
D.P. Johnson, President
5304 Hubalta Road, SE
Calgary, Alberta T2B 1T6
Telephone: (403) 273-6551

CONTRACT DRILLING
Cactus Drilling Company
A.E. Dumont, President
731 W. Wadley, Bldg K
Suite 200
Midland, Texas USA 79705
Telephone: (915) 686-6200
Telecopy: (915) 686-8711

Trimac

Tricil Sale

Trimac's sale of its 50 per cent interest in the waste management company, Tricil Limited, is delayed pending resolution of further legal issues in the courts. The Alberta Court of Queen's Bench ruled in Trimac's favour in May in a dispute between Trimac and C-I-L Inc., the owner of the other 50 per cent of Tricil. The Court of Appeal of Alberta upheld the ruling but said the transfer of shares was subject to further order of the court concerning other issues between the two parties. A trial date to resolve the other issues has been set for late November.

Sincerely,

J.R. McCaig

J.R. McCaig
Chairman
August 14, 1987

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INTERIM REPORT

SECOND QUARTER 1987

Trimac

CONSOLIDATED STATEMENT OF OPERATIONS

(thousands of dollars) Period ended June 30	Three months		Six months	
	1987	1986	1987	1986
OPERATING REVENUES:				
Transportation services	$54,926	$51,125	$100,295	$ 98,658
Energy services	10,340	17,580	28,541	53,157
Other	1,394	903	2,736	2,176
	66,660	69,608	131,572	153,991
COSTS AND EXPENSES:				
Operating	56,880	60,184	113,679	134,223
Depreciation, depletion and amortization	7,477	7,322	14,610	14,505
	64,357	67,506	128,289	148,728
	2,303	2,102	3,283	5,263
OTHER DEDUCTIONS (INCOME):				
Interest—long term debt	3,991	3,869	7,949	7,541
Other interest (net)	(174)	(284)	(441)	(288)
Gain on sale of assets (net)	(533)	(282)	(863)	(416)
	3,284	3,303	6,645	6,837
	(981)	(1,201)	(3,362)	(1,574)
INCOME TAXES (RECOVERABLE):				
Current	125	(63)	251	242
Deferred	(719)	237	(1,808)	666
	(594)	174	(1,557)	908
	(387)	(1,375)	(1,805)	(2,482)
Minority interest	9	—	6	—
Share of earnings of affiliates	1,301	1,091	2,053	1,437
NET EARNINGS (LOSS) FROM OPERATIONS	923	(284)	254	(1,045)
Unusual item—refund of U.S. pension plan surplus (net of tax)	—	—	978	—
Extraordinary item—realization of previously unrecorded tax loss benefits	—	—	[illegible]	—
NET EARNINGS (LOSS)	$ 923	$ (284)	$ 1,940	$ (1,045)

CONSOLIDATED STATEMENT OF CHANGES IN FINANCIAL POSITION

(thousands of dollars) Period ended June 30	Three months		Six months	
	1987	1986	1987	1986
CASH PROVIDED (USED)				
OPERATIONS:				
Net earnings (loss) from operations	$ 923	$ (284)	$ 254	$ (1,045)
Depreciation, depletion and amortization	7,477	7,322	14,610	14,505
Gain on sale of assets (net)	(533)	(282)	(863)	(416)
Deferred income taxes	(719)	237	(1,808)	666
Share of earnings of affiliates	(1,301)	(1,091)	(2,053)	(1,437)
Other non-cash items	16	26	142	137
	5,863	5,928	10,282	12,410
Unusual item	—	—	1,686	—
Cash provided by operations	5,863	5,928	11,968	12,410
INVESTMENTS:				
Purchase of fixed assets	(19,982)	(15,324)	(26,522)	(24,701)
Proceeds on sale of fixed assets	2,186	1,814	4,007	6,188
Net capital expenditures	(17,796)	(13,510)	(22,515)	(18,513)
Investment in affiliates	(60)	(2,157)	(73)	(3,059)
Net change in non-cash working capital balances	(4,014)	5,877	(2,176)	(409)
Other	(2,141)	(394)	(1,873)	(449)
Cash used in investments	(24,011)	(10,184)	(26,637)	(22,430)
FINANCING:				
Increase in long term debt	11,145	10,642	11,145	16,298
Repayments of long term debt	(3,398)	(2,024)	(8,312)	(7,945)
Issue of convertible debenture	30,000	—	30,000	—
Net change in working capital loans	1,933	(9,451)	3,426	5,684
Preferred share dividends and redemptions	(200)	(126)	(398)	(254)
Cash employed by financing	39,480	(959)	35,861	13,783
Net increase (decrease) in cash during the period	21,332	(5,215)	21,192	3,763
Cash position, beginning of the period	21,366	25,831	21,506	16,853
CASH POSITION, END OF THE PERIOD	$42,698	$20,616	42,698	$ 20,616

FINANCIAL HIGHLIGHTS

(thousands of dollars)	Three months ended June 30	
	1987	1986
OPERATING RESULTS		
Operating revenues	$ 66,660	$ 69,608
Net earnings (loss)	923	(284)
Per share	0.02	(0.01)
Funds from operations	5,863	5,928
Per share	0.17	0.17
Net capital expenditures	17,796	13,510

(thousands of dollars)	Six months ended June 30	
	1987	1986
OPERATING RESULTS		
Operating revenues	$131,572	$153,991
Net earnings (loss) before unusual and extraordinary items	254	(1,045)
Per share	0.00	(0.04)
Net earnings (loss)	1,940	(1,045)
Per share	0.05	(0.04)
Funds from operations before unsual item	10,282	12,410
Per share	0.30	0.36
Net capital expenditures	22,515	18,513
FINANCIAL POSITION		
Working capital	36,527	17,917
Net capital invested	332,496	306,404
Long term debt (excluding current maturities)	161,376	169,495
Shareholders' equity	113,538	109,882

Number of shares outstanding:		
—Common	34,325,835	33,299,132
—Preferred (Series A)	208,600	221,400

The above financial highlights and accompanying financial statements are unaudited.

CORPORATE DEVELOPMENTS

To Our Shareholders:

Operating Results

Trimac earned $923,000 or two cents a share during the three months ended June 30, 1987, up from a loss of $284,000 or one cent a share during the second quarter of the previous year. Revenues were $66.7 million compared with $69.6 million.

Earnings from operations for the first six months of 1987 were $254,000 or less than one cent a share compared with a loss of $1,045,000 or four cents a share in the first half of 1986. Revenues were $131.6 million compared with $154.0 million a year earlier.

Results improved substantially in bulk highway hauling in Canada and the United States and are expected to continue strong. Trucking operations in the United States have achieved sustained profitability except in the difficult cement hauling market of Texas where losses were reduced.

The improvements in trucking and other non-energy services [illegible] While Trimac's revenues and earnings from contract drilling were down significantly in the first half of 1987 compared with a year earlier, the petroleum industry is preparing for increased exploration and development activity during the remainder of the year which should provide greater opportunities. Losses continued in aerial surveys and mapping, but at a lower level.

Debenture Issue

Trimac sold $30 million of 7.25 per cent Convertible Subordinated Debentures in the European market on June 16. The debentures are convertible into common shares of Trimac at $5.75 per share, a premium of 19.8 per cent from the closing market price of $4.80 per share on May 19 when the terms of the issue were set. The debentures may be converted after January 1, 1988, until the issue matures in 1997. Trimac received net proceeds of $28.9 million which it is using for the partial reduction of other term debt with the balance being added to working capital.

8. **Previous Purchases**

Trimac has agreed with a director of Trimac by private agreement in association with a reorganization of its subsidiary, Trimac Industries Ltd., to purchase indirectly 250,000 Common Shares at a price of $2.50 per share. The purchase will take place on the earlier of December 31, 1987, and the sale of Trimac's interest in Tricil Limited, should one occur. Trimac has not otherwise purchased or agreed to purchase any of its Common Shares within the 12 months preceding this notice.

9. **Acceptance by Insiders, Affiliates and Associates**

Trimac is not aware of any of its directors, senior officers or other insiders of Trimac, or any associate of an insider of Trimac, or any associate or affiliate of Trimac who propose to sell any Common Shares during the course of the Issuer Bid, other than pursuant to agreements entered into prior to the date hereof and which have been previously disclosed. It is possible, however, that sales by such persons may occur as personal circumstances or decisions unrelated to the existence of the Issuer Bid dictate.

10. **Material Changes**

Trimac is not aware of any material changes and has no plans or proposals with respect to its business affairs, operations, corporate structure or management, other than what has been disclosed in accordance with prescribed regulatory requirements, which might reasonably be expected to have a significant effect on the market price or value of the Common Shares.

11. **Certificate**

There are no material changes or plans for material changes in the affairs of Trimac which have not been publicly disclosed.

The foregoing is hereby certified complete and accurate in accordance with the Policy Statement of the TSE on Normal Course Issuer Bids and other such by-laws and regulations of appropriate regulatory bodies with respect to the Issuer Bid. The contents and the sending of this notice have been authorized by the Board of Directors of Trimac.

DATED this twenty-sixth day of November, 1987.

TRIMAC LIMITED

J. R. McCaig

J. R. McCaig
Chairman and Chief Executive Officer

Trimac Limited, 2100 - 800 - 5th Avenue S.W., P.O. Box 3500,
Calgary, Alberta T2P 2P9 Telephone: (403) 298-5100

PRINTED IN CANADA

FINANCIAL HIGHLIGHTS

(thousands of dollars)	Three months ended June 30	
	1987	1986
OPERATING RESULTS		
Operating revenues	$ 66,660	$ 69,608
Net earnings (loss)	923	(284)
Per share	0.02	(0.01)
Funds from operations	5,863	5,928
Per share	0.17	0.17
Net capital expenditures	17,796	13,510

(thousands of dollars)	Six months ended June 30	
	1987	1986
OPERATING RESULTS		
Operating revenues	$131,572	$153,991
Net earnings (loss) before unusual and extraordinary items	254	(1,045)
Per share	0.00	(0.04)
Net earnings (loss)	1,940	(1,045)
Per share	0.05	(0.04)
Funds from operations before unsual item	10,282	12,410
Per share	0.30	0.36
Net capital expenditures	22,515	18,513
FINANCIAL POSITION		
Working capital	36,527	17,917
Net capital invested	332,496	306,404
Long term debt (excluding current maturities)	161,376	169,495
Shareholders' equity	113,538	109,882

Number of shares outstanding:		
—Common	34,325,835	33,299,132
—Preferred (Series A)	208,600	221,400

The above financial highlights and accompanying financial statements are unaudited.

CORPORATE DEVELOPMENTS

To Our Shareholders:

Operating Results

Trimac earned $923,000 or two cents a share during the three months ended June 30, 1987, up from a loss of $284,000 or one cent a share during the second quarter of the previous year. Revenues were $66.7 million compared with $69.6 million.

Earnings from operations for the first six months of 1987 were $254,000 or less than one cent a share compared with a loss of $1,045,000 or four cents a share in the first half of 1986. Revenues were $131.6 million compared with $154.0 million a year earlier.

Results improved substantially in bulk highway hauling in Canada and the United States and are expected to continue strong. Trucking operations in the United States have achieved sustained profitability except in the difficult cement hauling market of Texas where losses were reduced.

The improvements in trucking and other non-energy services offset the unfavourable results from contract drilling and construction. While Trimac's revenues and earnings from contract drilling were down significantly in the first half of 1987 compared with a year earlier, the petroleum industry is preparing for increased exploration and development activity during the remainder of the year which should provide greater opportunities. Losses continued in aerial surveys and mapping, but at a lower level.

Debenture Issue

Trimac sold $30 million of 7.25 per cent Convertible Subordinated Debentures in the European market on June 16. The debentures are convertible into common shares of Trimac at $5.75 per share, a premium of 19.8 per cent from the closing market price of $4.80 per share on May 19 when the terms of the issue were set. The debentures may be converted after January 1, 1988, until the issue matures in 1997. Trimac received net proceeds of $28.9 million which it is using for the partial reduction of other term debt with the balance being added to working capital.

Printed in Canada

Trimac

LIMITED

DEC 7, 1987

NOTICE OF INTENTION TO MAKE A NORMAL COURSE ISSUER BID

This notice is provided in accordance with the regulations of the appropriate regulatory bodies with respect to the proposal of Trimac Limited to purchase common shares of its capital ("Common Shares") by way of a Normal Course Issuer Bid (the "Issuer Bid") through the facilities of The Toronto Stock Exchange ("TSE").

1. **Name of Issuer**
   The issuer is Trimac Limited ("Trimac").

2. **Shares Sought**
   The Issuer Bid relates to the acquisition of up to a maximum of 2,294,254 Common Shares, representing 6.68% of the number of outstanding Common Shares as at November 20, 1987, and representing approximately 10 per cent of the outstanding Common Shares not held by insiders, or their affiliates or associates. Trimac is not obligated to make any purchases pursuant to the Issuer Bid.

3. **Duration**
   The duration of the issuer bid shall extend for a period commencing December 11, 1987, and ending December 9, 1988, unless earlier terminated at the option of Trimac.

4. **Method of Acquisition**
   Common Shares may be purchased on the open market from time to time through the facilities of the TSE. The purchase of and payment for the Common Shares will be made by Trimac in accordance with the by-laws and rules of the TSE and the price which Trimac will pay for any Common Shares acquired by it will be the market price for such securities at the time of acquisition. Purchases of Common Shares will not be made by Trimac other than pursuant to agreements entered into prior to the date hereof and by means of open market transactions during the period the Issuer Bid is outstanding.

5. **Consideration Offered**
   Common Shares will be acquired for cash and purchases will be funded from general corporate funds. Payment shall be made in accordance with the normal settlement rules and procedures of the TSE.

6. **Reasons for Issuer Bid**
   Trimac believes that the current and recent market prices of the Common Shares do not give full effect to their underlying value and that, accordingly, the acquisition of Common Shares pursuant to the Issuer Bid represents a worthwhile investment and an appropriate use of Trimac funds, which will be advantageous to non-selling shareholders.

7. **Valuation**
   To the knowledge of the directors and officers of Trimac, there has been no valuation or appraisal prepared of Trimac, its material assets or securities within the two year period preceding the date of this notice.

8. **Previous Purchases**

Trimac has agreed with a director of Trimac by private agreement in association with a reorganization of its subsidiary, Trimac Industries Ltd., to purchase indirectly 250,000 Common Shares at a price of $2.50 per share. The purchase will take place on the earlier of December 31, 1987, and the sale of Trimac's interest in Tricil Limited, should one occur. Trimac has not otherwise purchased or agreed to purchase any of its Common Shares within the 12 months preceding this notice.

9. **Acceptance by Insiders, Affiliates and Associates**

Trimac is not aware of any of its directors, senior officers or other insiders of Trimac, or any associate of an insider of Trimac, or any associate or affiliate of Trimac who propose to sell any Common Shares during the course of the Issuer Bid, other than pursuant to agreements entered into prior to the date hereof and which have been previously disclosed. It is possible, however, that sales by such persons may occur as personal circumstances or decisions unrelated to the existence of the Issuer Bid dictate.

10. **Material Changes**

Trimac is not aware of any material changes and has no plans or proposals with respect to its business affairs, operations, corporate structure or management, other than what has been disclosed in accordance with prescribed regulatory requirements, which might reasonably be expected to have a significant effect on the market price or value of the Common Shares.

11. **Certificate**

There are no material changes or plans for material changes in the affairs of Trimac which have not been publicly disclosed.

The foregoing is hereby certified complete and accurate in accordance with the Policy Statement of the TSE on Normal Course Issuer Bids and other such by-laws and regulations of appropriate regulatory bodies with respect to the Issuer Bid. The contents and the sending of this notice have been authorized by the Board of Directors of Trimac.

DATED this twenty-sixth day of November, 1987.

TRIMAC LIMITED

J. R. McCaig

J. R. McCaig
Chairman and Chief Executive Officer

Trimac Limited, 2100 - 800 - 5th Avenue S.W., P.O. Box 3500,
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